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Report Highlights: Vietnam's CY-2002 rice production estimate is slightly revised upward to 31.872 million metric tons (mmt), with estimated exports at 3.1 mmt. Rice export data and a revised PS&D table are also provided. CY-2003 production is expected to be about the same (31.5-32.3 mmt) as this year.

Includes PSD changes: Yes
Includes Trade Matrix: No
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SUMMARY

Vietnam's CY-2002 rice production is revised to 31,872 thousand metric ton (tmt) due to higher paddy production from 2002's Summer-Autumn (S-A) rice crop in the Mekong River Delta (MRD). Vietnam rice exports in the first 9 months of 2002 were 2.70 million metric ton (mmt). The rice exports were mainly under Government to Government (G-G) contacts to Iraq, Philippines and Cuba. Vietnam will be able to ship roughly 350-400 tmt in the last quarter of 2002. Post revises Vietnam's 2002 rice exports to 3.1 mmt. No significant PS&D changes are expected in 2003.

PRODUCTION

2002's Summer-Autumn (S-A) crop being harvested.

Vietnam's 2002 S-A rice crop area is estimated at 2,224 thousand hectare (tha) of which 155 tha in Northern regions and 2,069 tha in Southern provinces.

Farmers in Southern provinces are harvesting the S-A crop. According to statistical data from Ministry of Agricultural and Rural Development (MARD), as of Sept. 25, 2002, the total harvested S-A rice area was 1,908 tha, accounting about 86% of the planted area.

In the MRD, high domestic paddy prices encouraged farmers to extend the S-A rice crop. The S-A rice area planted in the MRD is about 1,825 tha, higher than the 2001's crop area by around 100 tha. The crop harvest will soon be completed. According to MARD, as of Sept.25, 2002, there was about 1,515 tha harvested in the region. The crop yield is estimated at 3.82 mt/ha and the crop production at 6,972 tmt, an increase of 400 tmt compared with 2001's crop level. The increase of the S-A paddy production resulted from the expansion of the 'late S-A' crop area (it is also called Autumn-Winter rice (A-W)). Furthermore, high domestic paddy prices encouraged farmers to increase input use for higher crop yields.

Post revises Vietnam's 2002 S-A rice production to 8,251 tmt from the previous estimate of 7,699 tmt (see table 1).

2002/03 Lua-Mua crop.

The crop is being harvested in the North. Farmers in the Northern provinces are harvesting 2002/03 Lua-Mua crop. As of Oct. 10, 2002 there was 454 tha harvested, accounting for 36% of total planted areas. Reports from the northern provinces indicate that the crop yield is higher than the long-term average yield. The crop yields vary from 4.3 mt/ha (in Tuyen Quang province) to 5.8 mt/ha (in Hung Yen province).

The Lua-Mua crop is being planted in the South. Parallel with harvesting of 2002'S-A rice crop, farmers in Southern provinces are planting the Lua-Mua crop. According to MARD, about 582 tha of the Lua-Mua rice was planted as of Sept. 25, 2002. The Lua-Mau area in the MRD is estimated lower than last crop's area by 10 tha as MRD farmers continue switching some Lua Mua area to more profitable crops, such as S-A rice and corn. The Lua-Mua area in Southern provinces is estimated at 1,000 tha of which 450 tha in the MRD.

Post estimates Vietnam's 2002/03 Lua-Mua area at 2,200 tha with paddy production at 7,920 tmt (see table 1).

Post revises Vietnam's CY-2002 paddy production up to 31,872 tmt from previous estimate of 31,319 tmt (see table 1 and PS&D table).

Table 1: Vietnam Rough Rice Areas, Yield and Production (Revised-Oct. 2002)

	2001		2002		2003 est.
Harvested Area (Tha)	old	New	Old	New	
Lua-Mua	2,341	2,341	2,243	2,243	2,200
Winter-Spring	3,010	3,010	3,004	3,004	3,000
Summer-Autumn	2,154	2,142	2,092	2,224	2,220
TOTAL	7,505	7,493	7,339	7,471	7,420
Yield (mt/ha)					
Lua-Mua	3.50	3.50	3.58	3.58	3.60
Winter-Spring	5.00	5.00	5.19	5.19	5.20
Summer-Autumn	3.65	3.63	3.68	3.71	3.70
TOTAL	4.14	4.14	4.27	4.27	4.28
Production (tmt)					
Lua-Mua	8,194	8,194	8,030	8,030	7,920
Winter-Spring	15,050	15,050	15,591	15,591	15,600
Summer-Autumn	7,862	7,775	7,699	8,251	8,214
TOTAL	31,106	31,019	31,319	31,872	31,734

Rather than (only) quantity, the target for 2002/2003's Winter-Spring (W-S) rice crop in the MRD is higher-quality rice.

MRD farmers are preparing for planting the 2002/03 W-S crop. The MARD is encouraging farmers to grow 1,500 tha of the W-S rice in the MRD with estimated production of 8,000 tmt. This year MARD is encouraging MRD's farmers to grow high-quality rice varieties -- stressing quality more than quantity.

Post estimates Vietnam's CY-2003 paddy production 31,734 tmt, (see table 1).

PRICE Exchange rate: VND 15,365 equal to \$1 as of October 22, 2002

Domestic price.

In Northern provinces: Rice supply is increasing as the Lua-Mua rice is being harvested. The paddy price is stable at VND 1,850-2,200/kg in all Northern provinces. Price of ordinary rice is about VND 2,800-3,200/kg.

In the Mekong River Delta (MRD):

MRD paddy price remains firm in the last weeks of October, 2002. Price of newly harvested S-A paddy is ranging from VND 1,650-1,700/kg. The paddy price is not expected to increase in the last months of 2002 as demand for export rice will not be very high.

As of Oct 20, 2002 prices of unpolished rice (for export after polishing) are as follows:

S 5% broken rice: VND 2,700-2,760/kg;
S 10% broken rice: VND 2,650-2,720/kg;
S 25% broken rice: VND 2,400-2,450/kg.

Export price.

Following the domestic market trend, export prices are generally stable at the same level as last week. On October 22, export prices were quoted at:

-- \$186-188/mt -- 5% broken
-- \$182/mt -- 10% broken
-- \$168-174/mt -- 25% broken
FOB HCMC. These prices are about \$5/mt lower than prices quoted last month.

Some observers feel that Vietnam's export prices will remain stable or might slightly decline in the last months of 2002 as almost all G-G exports have been completed. Furthermore, in order to avoid any price increases, the Vietnamese Government has asked rice exporters to delay some shipments scheduled for the last quarter of 2002 until the next year. However, some rice exporters still worry about a domestic price increase since 250 tmt of rice are due to be shipped to Iraq in November 2002.

TRADE

Vietnam's rice exports in the first 9 months of 2002.

Vietnamese rice exports in the first nine months of 2002 were unexpectedly high at 2,720 tmt due to heavy liftings for Iraq, Philippines, Indonesia and Cuba. More than 70% of Vietnamese rice exports was shipped to Asian countries, including Iraq, Philippines and Indonesia. Cuba also took nearly 8% of total exports, while only 11% went to African countries (See table 2).

Table 2: Vietnam's January-September Rice Export by Regions

MARKET	QUANTITY (mt)	(%)
ASIA	1,194,555	44.3%

MIDDLE EAST	691,959	25.7%
AFRICA	310,264	11.5%
AMERICA	210,010	7.8%
EUROPE + RUSSIA	107,195	4.0%
UNKNOWN	181,638	6.7%
TOTAL	2,695,621	100%

Source: Traders

In term of quality, percentage of high quality rice was 37% of total exports; 29% for medium and 25% for low quality (see table 3).

Table 3: Vietnam's January-September Rice Export by Grades.

GRADE	QUANTITY (mt)	(%)
HIGH (5% & 10% BR.)	994,108	36.9%
MEDIUM (15% BR.)	785,078	29.1%
LOW (20%; 25% & 35% BR.)	538,638	20.0%
100% BR.	125,432	4.7%
UNKNOWN	252,365	9.4%
TOTAL	2,695,621	100%

Source: Traders

Rice export quota of 250 thousand metric ton (tmt) to Iraq allocated.

Ministry of Trade (MOT) has allocated 250 tmt of export rice (5% broken) under Phase 12 of the (G-G) contracts to Iraq to state food cooperations and Mekong River Delta provinces. The quota is allocated as follows: North Food Cooperation (Vinafood 1): 125 tmt; Southern Food Cooperation (Vinafood 2): 10 tmt; An Giang: 15.5 tmt; Can Tho: 14.5 tmt; Dong Thap: 14 tmt; Kien Giang: 12.2 tmt; Tien Giang: 9.5 tmt; Long An: 8.5 tmt. The remaining amount will be divided among rice exporters in Ho Chi Minh city and a MOT parastatal exporting company.

According to MOT, Vietnam will likely only ship about 80-100 tmt in the last quarter of 2002 due to high shipping and insurance cost. However, exporters are quite worried about shipments being stuck in the Middle East. Traders said that shipments of 80-100 tmt could be done before the middle of November 2002 (and then none in December).

Cuba and Vietnam are discussing a new deal of 150 tmt for shipment in 2003.

During a recent visit by Cuba's Alimport company, it is rumored that they will (or have) order 150 tmt of rice. No details of this visit have been disclosed.

Vietnam's CY-2002 rice exports likely at 3.1 mmt.

Rice exports in the last quarter of 2002 are still quite low without new big commercial deals. The rice exports are based mainly sales to Iraq, Cuba and Africa. According to traders, Vietnam's rice export in

October, 2002 is estimated at 220-240 tmt and outstanding sales in November and December at 160 tmt. Therefore, Vietnam's CY-2002 rice export will be about 3.1 mmt (see table 4).

Post revises Vietnam's rice export in CY- 2002 at 3.1 mmt and forecasts CY-2003 exports at 3.5 mmt respectively (see table 4)

Table 4: Vietnam Rice PS&D table (revised)

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	7,339	7,493	7,339	7,471	0	7,420
Beginning Stocks	885	978	843	843	1,233	1,299
Milled Production	20,670	20,473	20,670	21,036	0	20,944
Rough Production	31,318	31,020	31,318	31,872	0	31,734
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	0	6,600
TOTAL Imports	40	20	20	20	0	0
Jan-Dec Imports	40	20	20	20	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	21,595	21,471	21,533	21,899	1,233	22,243
TOTAL Exports	2,800	3,600	2,800	3,100	0	3,500
Jan-Dec Exports	2,800	3,600	2,800	3,100	0	3,500
TOTAL Dom. Consumption	17,400	17,028	17,500	17,500	0	17,850
Ending Stocks	1,395	843	1,233	1,299	0	893
TOTAL DISTRIBUTION	21,595	21,471	21,533	21,899	0	22,243

POLICY

Vietnam participating in the world top rice exporters's cartel.

To deal with declining international rice prices, the five largest rice exporting Asian countries (Thailand, Vietnam, India, Pakistan and China) have agreed to set up a Council of Rice Trade Cooperation. The participating countries aim to regulate the world rice trade by exchanging information on rice production and trade. The Council's member countries will discuss ways to formulate a floor export price which is proposed at 1997's price level or 30% higher than current prices. Cooperation on technology development and strengthening of trading and marketing is also included in the council's agenda. The Council will work at three levels: ministers, senior officers and secretariat. The ministerial meeting will be held annually and Vietnam will host the first ministerial meeting in 2003. Senior officers also will meet at least twice a year to roadmap the cooperation and to assess the cooperation progress. The

secretariat meetings will be regularly held through teleconference, video-conference or other electronic means.

As the (previous second and now the) third largest rice exporter in the World, Vietnam supports the rice cartel. Like other rice exporting countries, low rice prices are the biggest concern of Vietnam. However, some observers said that, they had doubts about prospects of the cooperation due to differences of rice prices; rice quality and rice export mechanism between the rice exporting countries.

ASEAN nations raise rice reserve.

During a conference held in Vientiane, Laos, ag ministers of the Association of South East Asian Nations (ASEAN) and other Asian countries including China, Korea and Japan had agreed to implement a 3-year pilot project of the East Asian Emergency Rice Reserve. The project aims to improve the management of the existing ASEAN's Food Security Reserve Board (AFSRB) and to form an East Asian Rice Reserve System for ensuring food security and eliminating poverty in the region. A steering committee will be established to manage the project. Thailand and Japan will serve as co-coordinators of the project.

Currently, ASEAN's rice reserve (established in 1979) is about 0.87 tmt. The project plans to increase the stockpile to 1.7 mmt.